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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Consumer Protection and Commerce  
Thursday, March 21, 2019  
2:00 p.m.  
State Capitol, Conference Room 229**

**On the following measure:  
H.C.R. 91, REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE  
A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING  
TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS  
ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS**

**WRITTEN TESTIMONY ONLY**

Chair Takumi and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department supports the intent of and offers comments on this resolution.

The purpose of this resolution is to request the Public Utilities Commission (Commission) to approve a subsidy through utility rates for reasonable ratemaking treatment to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The Department supports affordable utility bills for all customers. Thus, the Department has sought to encourage cost-effective utility management decisions to mitigate unreasonable increases in utility rates. The Department has also advocated for

customer equity and programs for low-income customers in many proceedings, such as those for energy efficiency, green energy market securitization, and distributed energy resources. The Consumer Advocate acknowledges, however, that certain programs have helped certain subsets of customers when those programs are generally unavailable to other customers for various reasons, such as when the cost to install equipment is too high or when tenants may not be able to install equipment because it is not allowed under their leases. For that reason, the Department supports the intent of this measure, as the Department is concerned about the prospect that certain customers may be “left behind” as Hawaii’s energy market evolves.

This resolution proposes to provide rate support to certain groups of vulnerable customers; however, the Department notes that there are already existing programs that provide assistance. For instance, Hawaiian Electric Companies’ low-income customers can currently take advantage of the federally-funded Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP consists of a program for emergency assistance on electric bills, as well as ongoing bill credits. Also, there is an existing Special Medical Needs Pilot Program, and the Hawaiian Electric Companies recently sought to extend the pilot to March 31, 2020.

The Department respectfully requests modifying this resolution to allow the Commission flexibility as to what actions might be taken and to request that interested stakeholders, such as the Commission and the electric utility companies, explore cost-effective solutions. For instance, the Consumer Advocate notes that the current Special Medical Needs Pilot program is currently subsidized by Hawaiian Electric shareholders; this provides assistance without skewing market price signals that could result in unintended and undesirable consequences. This model is unlikely to be sustainable for all types of assistance programs. It is also the Consumer Advocate’s understanding that not all of the funds in the federally funded LIHEAP program are used on a consistent basis. The Department has also been seeking to determine if it is feasible to supplement the federally funded LIHEAP with state funding to create a state LIHEAP program that might expand the assistance to low-income customers without creating a separate utility or state program that would require duplicative administrative

efforts and costs. As Hawaii's electric industry continues to evolve, the Department believes that stakeholders must ensure that all customers benefit and that, where necessary, innovative and cost-effective solutions that do not result in unintended consequences should be developed to help customers who might otherwise be left behind.

Thank you for the opportunity to testify on this resolution.



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 19, 2019

Revised Testimony

TO: The Honorable Representative Roy M. Takumi, Chair  
House Committee on Consumer Protection & Commerce

FROM: Pankaj Bhanot, Director

SUBJECT: **HCR 91 - REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A  
SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING  
TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND  
LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.**

Hearing: Thursday, March 21, 2019, 2:00pm  
Conference Room 329, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this resolution and provides comments.

**PURPOSE:** The purpose of this resolution is to request the Public Utilities Commission to approve reasonable ratemaking treatment to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The DHS Low Income Home Energy Assistance Program (LIHEAP) is a federally funded program that assists low income households in meeting their immediate home energy needs; particularly, the program targets those households with the lowest incomes who pay the highest portion of their income for home energy. In State Fiscal Year 2018, 9,784 households received LIHEAP energy credits for their home energy needs, which equated to \$440.77 per household.

DHS participates in the Low-Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies, and we collaborate with the utility to help our mutual clients in need. This resolution furthers the Hawaiian Electric Companies' ability to help lessen the burden of energy costs for our underserved clients.

Thank you for the opportunity to provide comments on this resolution.

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE

March 21, 2019  
2:00 p.m.

Chair Takumi and Members of the Committee:

**MEASURE:** H.C.R. No. 91

**TITLE:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

**DESCRIPTION:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED-INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

**POSITION:**

The Public Utilities Commission offers the following comments for consideration.

**COMMENTS:**

The Public Utilities Commission (“Commission”) is supportive of the intent of the resolution to lessen the burden of energy costs on low- and limited-income and special medical needs customers.

The Commission recognizes the high cost of electricity imposes a particular burden on low-income customers and has prioritized utility cost reductions and affordability in many proceedings before the Commission, including general rate cases, power purchase agreements for low-cost renewable energy projects, and innovative programs such as the demand response portfolio that reduce costs to customers. In addition, in overseeing the efforts of the Public Benefits Fee Administrator (“Hawaii Energy”), the Commission has

emphasized the importance of energy efficiency programs and services for hard-to-reach customers, including low- and limited-income customers.

The Commission will continue to support and develop reasonable measures that lessen the burden of energy costs on low- and limited-income and special medical needs customers.

Thank you for the opportunity to testify on this measure.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE**

**HCR 91**

**REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A  
SUBSIDY THROUGH UTILITY RATES FOR REASONABLE  
RATEMAKING TREATMENT TO LESSEN THE BURDEN OF  
ENERGY COSTS ON LOW AND LIMITED-INCOME AND  
SPECIAL MEDICAL NEEDS CUSTOMERS.**

Thursday, March 21, 2019  
2:00 PM, Agenda Item #5  
State Capitol, Conference Room 329

**By Joanna Markle  
Customer Ombudsman  
Hawaiian Electric Company, Inc.**

Dear Chair Takumi, Vice Chair Ichiyama and Members of the Committee,

My name is Joanna Markle and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company (collectively “the Hawaiian Electric Companies”) in support of House Concurrent Resolution 91 (“HCR 91”). HCR 91 would lay the framework for the Company to pursue programs to help low-income and special medical needs customers and provide notice to the Public Utilities Commission of the Legislature’s support of the program.

For your background, on January 18, 2017, the Hawaiian Electric Companies filed a Special Medical Needs Tariff, Transmittal No. 17-01, requesting that the Public Utilities Commission establish a Special Medical Needs Pilot Program for the two-year period from April 1, 2017, through March 31, 2019. In response, in the PUC’s Decision and Order for the Company’s request to establish a special medical needs pilot program, the PUC stated that the legislature did not appear to have established in HRS chapter 269 an energy subsidy policy for low income families or customers with special medical needs and directed the Company to advance their social policy goals through their respective rate structures. As a result of the PUC’s directive, the Hawaiian Electric Companies introduced this concurrent resolution to reflect the legislature’s support of such program.

Hawaii’s high cost of living greatly affects our low-income population and our customers with special medical needs. Although the rates for rent and mortgages for



Hawaii are the highest in the nation, the median earnings for Hawaii are only slightly higher than the U.S. median at \$46,978.<sup>1</sup>

Hawaiian Electric works closely with the State's Low-Income Home Energy Assistance Program ("LIHEAP") office and their designated intake organizations, Hawaii Community Action Program (HCAP), Maui Economic Opportunity (MEO), and Hawaii County Economic Opportunity Council (HCEOC) to administer the LIHEAP Energy Credit, which is the annual credit applied to the accounts of eligible customers. Hawaiian Electric also actively works with HCAP, MEO and HCEOC to administer the LIHEAP Emergency Crisis Intervention (ECI) funds every month to help low income customers who face disconnection or who are already disconnected, as well as other non-profit organizations to secure additional funds to reconnect customers.

Due to the Special Medical Need Pilot Program, our employees have learned from our special medical needs customers that they may come from all different financial backgrounds; however, their special medical needs and the medical costs associated with their special medical needs can be unrelenting and can easily cause an individual and/or family to lose their financial stability. This is especially true if the individual or family do not qualify for financial assistance, these customers have nowhere to turn for help and faced with medical challenges, sometimes even life threatening medical challenges. The State Department of Health and the local hospitals do not collect and/or maintain data on these customers, which makes evaluating the needs of this segment of our community very challenging.

The Hawaiian Electric Companies view helping low income individuals/families and customers with special medical needs, in line with our Company culture of helping our community, our neighbors, our family. HCR 91 will allow the PUC to approve a subsidy through ratemaking to help lessen the burden of energy costs for our underserved customers.

Thank you for the opportunity to testify in support of HCR 91.

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<sup>1</sup> U.S. Census Bureau, American Community Survey 1 –Year Estimates, Earnings in the Past 12 months (in 2017 Inflation-Adjusted Dollars). 2017. < <https://factfinder.census.gov>>



Aloha United Way

Aloha United Way  
200 N. Vineyard Blvd., Suite 700  
Honolulu, Hawaii 96817

March 18, 2019

Representative Roy M. Takumi, Chair, Committee on Consumer Protection & Commerce  
Representative Linda Ichiyama, Vice Chair, Committee on Consumer Protection & Commerce

**HCR 91: STRONG SUPPORT**

Hearing: March 21, 2019; Hearing Time 2:00; Conference Room 329

Aloha Chair Takumi, Vice Chair Ichiyama and Committee Members:

Aloha United Way strongly supports HCR 91 which requests the Public Utility Commission to approve a subsidy through utility rates for reasonable ratemaking treatment to lessen the burden of energy costs on low- and moderate-income and special medical needs customers.

Aloha United Way has been participating in the Low Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies and we collaborate with the utility to help our mutual clients in need. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our underserved clients.

Aloha United Way operates Hawaii's statewide 211 Information and Referral Service. In 2018, we received over 94,000 requests for assistance and the third most common request (after food and rent assistance) was for help with utility bills. The proposed program will provide the resources to enable our community to help those in need.

Thank you for the opportunity to submit testimony. We urge your favorable consideration of HCR 91.

Sincerely,

Norm Baker  
Chief Operating Officer



Inspiring Hope, Changing Lives

Visit us on the web: [www.hopeserviceshawaii.org](http://www.hopeserviceshawaii.org)

Connect via email: [info@hopeserviceshawaii.org](mailto:info@hopeserviceshawaii.org)

HOPE Help Line: 808-935-3050

Hearing: HCR 91 in support  
Date: March 21, 2019  
Location: State Capitol – Rm. 329  
To: Committee Chair, Vice-Chair, and Committee Members:

Aloha Committee Chair, Vice-Chair, and Committee Members:

I am submitting testimony on behalf of HOPE Services Hawai'i, a nonprofit homelessness service provider, in support of HCR 91, which would ease the burden of energy costs on customers struggling with low or limited income and/or special medical needs.

With sky-high rents and an ever-increasing cost of living, many working Hawaii families and individuals struggle to find money to meet their basic needs—food, healthcare, and transportation. Adding hefty utility costs can strain their budgets even further—putting many in danger of becoming homeless.

HCR 91 would approve a subsidy that would ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for underserved customers, potentially helping them from falling further into poverty or homelessness. It will also free up some of the resources we use to help customers pay utility bills, so that we can help even more people to avoid homelessness.

For these reasons, I strongly urge your support for HCR 91.

Mahalo for your consideration.

Sincerely,  
Brandee Menino  
  
Chief Executive Officer  
HOPE Services Hawaii, Inc.

JOIN OUR COMMUNITY



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*A Non-Profit Human Service Agency*

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**Honolulu Community Action Program, Inc.**

March 20, 2019

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Honorable Roy Takumi, Chair  
House Committee on Consumer Protection & Commerce  
State Capitol, Conference Room 329

RE: H.C.R. 91 REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED- INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

Dear Chair Takumi and Members of the Committee on Consumer Protection & Commerce:

I am Robert Piper testifying on behalf of Honolulu Community Action Program ("HCAP"). HCAP is a private, non-profit 501 (c)(3) agency that has been serving Oahu's low income residents since 1965. HCAP offers a range of programs and services to assist individuals and families to gain self-sufficiency. Annually, HCAP impacts over 20,000 people on Oahu.

HCAP strongly supports H.C.R. NO. 91. HCAP has partnered with HECO for many years to offer the Low-Income Home Energy Assistance Program ("LIHEAP") to low-income households on Oahu. LIHEAP is a federal program that provides qualifying low-income households with a one-time credit to offset household energy costs. Because of the ongoing need in the community for energy assistance, we know that any additional electricity expenses for low-and limited-income and special medical needs customers would only add to their financial burden, and very likely increase the number of Oahu households seeking assistance.

Our organization has been participating in the Low Income Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies and we collaborate with the utility to help our mutual clients in need. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our underserved clients.

We support H.C.R. NO. 91. Thank you for the opportunity to share our support with you.

Sincerely,

Robert N.E. Piper, Esq., MBA  
Executive Director



**TO: Chair Takumi, Vice Chair Ichiyama, and Members of the House Committee on Consumer Protection and Commerce**

**FROM: Ryan Kusumoto, President & CEO of Parents And Children Together (PACT)**

**DATE/LOCATION: March 21, 2019; 2:00 p.m., Conference Room 329**

**RE: TESTIMONY IN SUPPORT OF HCR 91**

We are writing in support of H.C.R. 91 REQUESTING THE PUBLIC UTILITIES COMMISSION TO APPROVE A SUBSIDY THROUGH UTILITY RATES FOR REASONABLE RATEMAKING TREATMENT TO LESSEN THE BURDEN OF ENERGY COSTS ON LOW- AND LIMITED- INCOME AND SPECIAL MEDICAL NEEDS CUSTOMERS.

Our organization has been participating in the Constituent Focus Group meetings facilitated by the Hawaiian Electric Companies and we collaborate with the utility to help our mutual clients in need, particularly those who are cost-burdened and financially under-resourced. This resolution will ensure that the Hawaiian Electric Companies have the ability to help lessen the burden of energy costs for our clients and the residents of Hawaii who need it most.

Founded in 1968, Parents And Children Together (PACT) is one of Hawaii's not-for-profit organizations providing a wide array of innovative and educational social services to families in need. Assisting more than 15,000 people across the state annually, PACT helps families identify, address and successfully resolve challenges through its 18 programs. Among its services are: early education programs, domestic violence prevention and intervention programs, child abuse prevention and intervention programs, childhood sexual abuse supportive group services, child and adolescent behavioral health programs, sex trafficking intervention, poverty prevention and community building and economic development programs.

Thank you for the opportunity to testify in **support of HCR 91**, please contact me at (808) 847-3285 or [rkusumoto@pacthawaii.org](mailto:rkusumoto@pacthawaii.org) if you have any questions.